

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
MINORITY (202) 225-5074
<https://oversight.house.gov>

July 6, 2021

The Honorable Miguel Cardona
Secretary
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Secretary Cardona:

The Biden–Harris Administration’s Department of Education is doing important work to combat human trafficking in America’s schools.¹ For that reason, I am writing to bring to your attention a new report indicating that some postsecondary vocational schools are allegedly being used as cover for illegal practices. According to a report by the Seldin/Haring-Smith Foundation, some schools have been providing fake diplomas for massage programs.² There is a well-established connection between sex trafficking and illicit massage parlors in the United States, and fake diplomas help facilitate the trafficking.³ The Federation of State Massage Therapy Boards has found that “[h]uman trafficking is linked with fraud in massage therapist education and in the licensing pathways.”⁴ Of further concern, some of the schools appear to have concealed their illicit acts in order to receive federal funding.

One recent example of a school being used as cover for sex trafficking involved the formerly named AAAOM in Minnesota, which previously offered a non-degree massage course, as well as three degree programs related to acupuncture. While the massage students at AAAOM did not receive federal student loans, AAAOM benefited from federal dollars in other ways: since 2004, AAAOM students in the degree programs have borrowed more than \$15.6 million in federal student loans, and the school also received \$21,532 in CARES Act funding.⁵

¹ Department of Education, *Combating Human Trafficking in America’s Schools* (Jan. 2021) (online at www.ed.gov/human-trafficking).

² Ellie Bruecker, *Sex Trafficking in State-Authorized Massage Schools: A Case Study* (summer 2021) (online at www.shs.foundation/sex-trafficking-and-higher-education-state-authorization-for-profit-schools).

³ *Behind Illicit Massage Parlors Lie a Vast Crime Network and Modern Indentured Servitude*, New York Times (Mar. 2, 2019) (online at www.nytimes.com/2019/03/02/us/massage-parlors-human-trafficking.html).

⁴ Federation of State Massage Therapy Boards, *Human Trafficking Task Force Report* (2017) (online at www.fsmtb.org/media/1606/http-report-final-web.pdf?mc_cid=45e74d8e56&mc_eid=3e6d3fcc42).

⁵ Ellie Bruecker, *Sex Trafficking in State-Authorized Massage schools: A Case Study* (summer 2021) (online at www.shs.foundation/sex-trafficking-and-higher-education-state-authorization-for-profit-schools).

In November 2019, the Minnesota Office of Higher Education (OHE) initiated an investigation into AAAOM, which uncovered indicia of fraud and suspicious behavior connected to AAAOM’s massage therapy program—including irregularities in applications, payments, and training logs; the absence of certain school records; and internship site supervisors who had connections to prostitution or who lacked massage licenses.⁶ Minnesota OHE concluded that “there is a theme of prostitution and/or human trafficking related to AAAOM students and/or internship sites,” which “indicate[s] a lack of authenticity and legitimacy of a private postsecondary education institution and its programs.”⁷ Minnesota OHE further “concluded that the Tuina massage program was intentionally operated outside of the same administrative and financial controls required of Title IV.”⁸ Such inconsistencies raise questions about whether the school was being used as a diploma mill to provide cover for illicit massage parlors; whether the school’s students were being sent to work at illicit massage parlors rather than receiving an education; or whether the school was otherwise acting in a way that facilitated prostitution or sex trafficking.

In February 2020, as a result of its investigation, Minnesota OHE issued a revocation order applicable to the entire school.⁹ In June 2020, Minnesota OHE entered into a consent decree with AAAOM that required the school to close or enter into new ownership by February 19, 2021, and that allowed the school’s degree programs to continue in the interim.¹⁰ In February 2021, AAAOM was purchased by new owners and now operates as the American Academy of Health and Wellness (AAHW).¹¹ AAHW offers the same three degree programs but does not offer the non-degree massage program that sparked Minnesota OHE’s investigation.¹²

Minnesota OHE also notified the relevant accrediting agency, ACAOM, and the U.S. Department of Education (DOE) of its February 2020 revocation order.¹³ As a result, DOE instituted heightened cash monitoring for AAAOM.¹⁴ In August 2020, ACAOM placed

⁶ *Id.*

⁷ Attachment A, Letter from Minnesota Office of Higher Education to AAAOM (Feb. 22, 2020).

⁸ *Id.*

⁹ Minnesota Office of Higher Education, *Information for AAAOM* (online at www.ohe.state.mn.us/mPg.cfm?pageID=2424) (accessed June 30, 2021).

¹⁰ *Id.*

¹¹ American Academy of Health and Wellness, *Homepage* (online at www.aaaom.edu/) (accessed June 30, 2021).

¹² American Academy of Health and Wellness, *Our Programs* (online at <https://acupuncture.schoolusa.com/our-programs/>) (accessed June 30, 2021).

¹³ Bruecker, E.M., *Sex Trafficking in State-Authorized Massage Schools: A Case Study* (Summer 2021) (online at www.shs.foundation/sex-trafficking-and-higher-education-state-authorization-for-profit-schools).

¹⁴ *Id.*

AAAOM on probation based on the revocation order from Minnesota OHE; ACAOM will review the school's status again in August 2021.¹⁵

In order to ensure that this problem is not more widespread, the Subcommittee on Economic and Consumer Policy is seeking the Department's assistance in rooting out any remaining issues. The Subcommittee would like to work together to determine if any other federal funds are unknowingly being provided to bad actors, and I look forward to pursuing our shared goal of protecting against trafficking in America's schools.

To assist the Subcommittee in its oversight of this matter, please provide the following documents and information, for the time period of January 1, 2015, to the present, by July 20, 2021:

1. A narrative description of any processes or procedures in place or efforts by DOE to identify and stop human or sex trafficking connected with postsecondary education;
2. All DOE policies and procedures relating to identifying indicia of prostitution, sex work, human trafficking, or sex trafficking in postsecondary education;
3. A narrative description of the response by DOE after being alerted by Minnesota OHE to problems at AAAOM;
4. All documents relating to AAAOM, including:
 - a. communications with the state authorizer or the accrediting agency relating to AAAOM;
 - b. communications with AAAOM;
 - c. reports or other materials from the state authorizer or accrediting agency;
 - d. any internal communications about AAAOM's operational status or funding; and
 - e. a list of DOE-controlled funding received by AAAOM or its students; and
5. A list of all DOE-controlled funding received by cosmetology and massage schools, or students enrolled therein, including the names of the relevant institutions, the amounts provided, the types of funding, and the years the funding was provided.

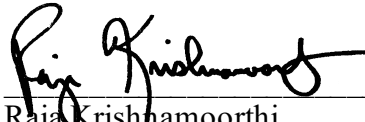
¹⁵ ACAOM, *American Academy of Health & Wellness: Directory of ACAOM Accredited and Pre-accredited Programs/Institutions* (online at <https://acaom.org/directory-menu/directory/name/american-academy-of-a-cupuncture-and-oriental-medicine/>) (accessed June 30, 2021).

The Honorable Miguel Cardona

Page 4

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. An attachment to this letter provides additional instructions for responding to the Committee’s request. If you have any questions regarding this request, please contact Subcommittee staff at (202) 225-5051.

Sincerely,

A handwritten signature in black ink, appearing to read "Raja Krishnamoorthi", written over a horizontal line.

Raja Krishnamoorthi

Chairman

Subcommittee on Economic and Consumer Policy

Enclosure

cc: The Honorable Michael Cloud, Ranking Member
Subcommittee on Economic and Consumer Policy

Responding to Oversight Committee Document Requests

1. In complying with this request, produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. Produce all documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party.
2. Requested documents, and all documents reasonably related to the requested documents, should not be destroyed, altered, removed, transferred, or otherwise made inaccessible to the Committee.
3. In the event that any entity, organization, or individual denoted in this request is or has been known by any name other than that herein denoted, the request shall be read also to include that alternative identification.
4. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, thumb drive, or secure file transfer) in lieu of paper productions.
5. Documents produced in electronic format should be organized, identified, and indexed electronically.
6. Electronic document productions should be prepared according to the following standards:
 - a. The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
 - b. Document numbers in the load file should match document Bates numbers and TIF file names.
 - c. If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
 - d. All electronic documents produced to the Committee should include the following fields of metadata specific to each document, and no modifications should be made to the original metadata:

BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM, CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD,

INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION,
BEGATTACH.

7. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, zip file, box, or folder is produced, each should contain an index describing its contents.
8. Documents produced in response to this request shall be produced together with copies of file labels, dividers, or identifying markers with which they were associated when the request was served.
9. When you produce documents, you should identify the paragraph(s) or request(s) in the Committee's letter to which the documents respond.
10. The fact that any other person or entity also possesses non-identical or identical copies of the same documents shall not be a basis to withhold any information.
11. The pendency of or potential for litigation shall not be a basis to withhold any information.
12. In accordance with 5 U.S.C. § 552(d), the Freedom of Information Act (FOIA) and any statutory exemptions to FOIA shall not be a basis for withholding any information.
13. Pursuant to 5 U.S.C. § 552a(b)(9), the Privacy Act shall not be a basis for withholding information.
14. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.
15. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) every privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author, addressee, and any other recipient(s); (e) the relationship of the author and addressee to each other; and (f) the basis for the privilege(s) asserted.
16. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (by date, author, subject, and recipients), and explain the circumstances under which the document ceased to be in your possession, custody, or control.
17. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, produce all documents that would be responsive as if the date or other descriptive detail were correct.

18. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date shall be produced immediately upon subsequent location or discovery.
19. All documents shall be Bates-stamped sequentially and produced sequentially.
20. Two sets of each production shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2105 of the Rayburn House Office Building.
21. Upon completion of the production, submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Definitions

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, data, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone call, meeting or other inter-office or intra-office communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape, or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, mail, releases, electronic

message including email (desktop or mobile device), text message, instant message, MMS or SMS message, message application, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information that might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neutral genders.
4. The term “including” shall be construed broadly to mean “including, but not limited to.”
5. The term “Company” means the named legal entity as well as any units, firms, partnerships, associations, corporations, limited liability companies, trusts, subsidiaries, affiliates, divisions, departments, branches, joint ventures, proprietorships, syndicates, or other legal, business or government entities over which the named legal entity exercises control or in which the named entity has any ownership whatsoever.
6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; (b) the individual’s business or personal address and phone number; and (c) any and all known aliases.
7. The term “related to” or “referring or relating to,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is pertinent to that subject in any manner whatsoever.
8. The term “employee” means any past or present agent, borrowed employee, casual employee, consultant, contractor, de facto employee, detailee, fellow, independent contractor, intern, joint adventurer, loaned employee, officer, part-time employee, permanent employee, provisional employee, special government employee, subcontractor, or any other type of service provider.
9. The term “individual” means all natural persons and all persons or entities acting on their behalf.

ATTACHMENT A

February 22, 2020

Dr. Changzhen Gong
American Academy of Acupuncture & Oriental Medicine (AAAOM)

[REDACTED]

Sent via email and mail

Re: Massage Therapy program

Dear Dr. Gong:

Under the Minnesota Private and Out-of-State Public Postsecondary Education Act, the Minnesota Legislature has charged the Minnesota Office of Higher Education (OHE) with the authority to regulate degree-granting private institutions operating in Minnesota. Part of OHE's regulatory oversight is assuring the authenticity and legitimacy of private postsecondary educational institutions and programs, including reviewing, investigating, and taking appropriate action on an educational institution and its programs.

OHE received a notice from Brooklyn Park's Rental and Business Licensing Division of a concern into the authenticity and legitimacy of AAAOM's Tuina Massage program. After receiving the notice, OHE completed a data practice request on Brooklyn Park's licensing data for massage therapists with credentials from AAAOM. Brooklyn Park provided copies of transcripts from the following students:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Of these transcripts, OHE was not provided files for [REDACTED]. It is OHE's understanding that [REDACTED]'s application for licensure in Brooklyn Park was denied "due to omitting places of employment from their application with ties to prostitution." Only two students from the list above have not yet had their massage

therapist license revoked or deactivated for “ties to prostitution/trafficking”, but their current employer is listed on rubmaps.ch¹ with reviews, which is a link to prostitution.

Therefore, on November 4, 2019, OHE initiated an investigation into AAAOM’s massage therapy program. As OHE continued its investigation, OHE determined there is a theme of prostitution and/or human trafficking related to AAAOM students and/or internship sites. While OHE does not investigate or regulate prostitution and/or human trafficking, any links to prostitution and/or human trafficking indicate a lack of authenticity and legitimacy of a private postsecondary education institution and its programs.

On November 5, 2019, OHE made a site visit at AAAOM and requested the following documentation, due by November 18, 2019:

- *Copies of all student files from AAAOM’s massage therapy program, including the program taught in English and the program taught in Chinese*
- *The names of all employees with permissions and access to print transcripts*
- *The names of all employees with access to transcript paper and seals*
- *Hour logs for all massage therapy students*
- *List of any off-site clinical training sites and supervisor names*
- *Narrative that explains AAAOM’s recruiting and application screening process for the massage therapy program*
- *Copies of all advertisements used for the massage therapy program, including those used outside of the United States*
- *Ledger/student account statements for all massage therapy students. If any payments were made by check or money order, please include copies of those payments.*

On November 6, 2019, OHE requested the following documentation, due by November 18, 2019:

- *Copies of the exit exams for all students in the Chinese Tuina Massage program*
- *The names of all employees with permissions and access to print transcripts*
- *The names of all employees with access to transcript paper and seals*
- *The names and locations of all off-site clinical training supervisors*
- *A list of students for each off-site clinical training supervisor*
- *Narrative that explains AAAOM’s recruiting and application screening process for the massage therapy program*
- *Copies of all advertisements used for the massage therapy program, including those used outside of the United States*
- *Ledger/student account statements for all massage therapy students. If any payments were made by check or money order, please include copies of those payments. You should be able to request this*

¹ rubmaps.com is a “forum based website which allows customers ... to discuss their individual experiences at illicit massage parlors.”

information from your bank. If you do not maintain individual student ledgers, please explain why and the process for reconciling student payments and AAAOM's accounts receivables

- *Detailed narrative of processing payments by check, cash, money order, or credit card*
- *Names of entities and persons that refer massage therapists to your program*
- *Records that validate clinical training experiences and technical skills*
- *Current student files in the Chinese Tuina program*

On November 20, 2019, OHE notified AAAOM of the following requests:

Thank you for the submission of the requested documents on November 6, 2019. The following is an additional information request based on those submissions.

- *Copies of the exit exams for all students in the Chinese Tuina Massage program*

In your submission, you state that an exit exam is not a requirement for students to graduate.

1. *Please provide documentation that validates that an exit exam is not required for student graduation.*
2. *How does AAAOM determine which students must complete the exit exam and which students do not need to complete the exit exam?*
3. *How are students notified of this policy and expectation?*
4. *There appears to be two versions of the exam. Please provide an explanation of the two versions and when each version was in use*
5. *Please provide a key for both versions of the exam*
6. *Please provide names and dates of individuals responsible for grading the exams*
7. *An explanation of what is a passing score for the test*
8. *An explanation of why multiple answers are accepted*

- *The names of all employees with permissions and access to print transcripts*

At OHE's onsite visit, ██████████ stated that she has no access to the student files or transcripts for the Chinese Tuina massage program. She made it abundantly clear that she had no involvement in the program. Please explain if this statement is accurate. If it is not accurate, please provide documentation that shows ██████████ has full access to student information for students in the Chinese Tuina program. If available, provide documentation (like metadata) to show who has printed transcripts for students in the Chinese Tuina program.

- *The names of all employees with access to transcript paper and seals*

Provide information on who is ██████████ and her role. OHE also needs information on where transcript paper and seals are stored and information on how transcripts and certificates are issued. For example, are transcripts and certificates a word document template that is filled out manually or are the documents

generated from data within a student database. If transcripts and certificates are printed through a document template, where is that template stored.

- *The names and locations of all off-site clinical training supervisors*

In your submission, you state that you now use a credentialing form for off-site clinical training. Please provide copies of all completed credentialing forms. Additionally, provide a timeline of the “evolutionary process” of AAAOM’s process for approving off-site clinical training experiences and off-site supervisors.

- *A list of students for each off-site clinical training supervisor*
- *Narrative that explains AAAOM’s recruiting and application screening process for the massage therapy program*
- *Copies of all advertisements used for the massage therapy program, including those used outside of the United States*
- *Ledger/student account statements for all massage therapy students. If any payments were made by check or money order, please include copies of those payments. You should be able to request this information from your bank. If you do not maintain individual student ledgers, please explain why and the process for reconciling student payments and AAAOM’s accounts receivables.*

This request was not fulfilled in full. Please provide documentation of the account receivables from AAAOM’s bank accounts.

- *Detailed narrative of processing payments by check, cash, money order, or credit card*
- *Names of entities and persons that refer massage therapists to your program*
- *Records that validate clinical training experiences and technical skills*

The clinical training files, if present, in the student files do not contain a supervisor signature.

1. *Please provide AAAOM’s policies and procedures for students to receive credit for off-site and on-site clinical training experience.*
2. *In addition, the site supervisor files are not legible. Please resubmit legible copies.*

- *Current student files in the Chinese Tuina program*

The submissions include many duplicate files. Please review the submission and submit an accurate and separate record of currently enrolled students.

In addition to the new requests above, OHE is requesting the following:

- *School catalog and/or student handbook for the Chinese Tuina program. The school catalog and student handbook loaded into EdVera is for the Masters and Doctorate program. All students must have*

a school catalog and/or student handbook. If one is not used, please include the rationale and how AAAOM believes it is in compliance with Minn. Stat. §136A.65 subd. 4(9).

- *Name and CVs of all instructors that have taught for the Chinese Tuina program*
- *1098-Ts for all Chinese Tuina students*

On December 16, 2019, OHE notified AAAOM that the following documents had not be provided and were due by December 23, 2019:

- *Off-site externship information; including name and location of site, name of person providing supervision to AAAOM students, list of students attending at off-site location*
 - o *Information provided to our office on November 18, 2019, was insufficient to meet this request.*
- *Page 4 of one of the exit exam answer key was missing from the documentation provided to OHE*
- *Hour logs for all Massage Therapy program students*
- *CV's for instructors currently teaching the curriculum courses for the Chinese-language Tuina Massage program*
 - o *The response sent to OHE on December 3, 2019, indicated the CV's were attached but I have been unable to locate a document containing this information*
- *Ledger/student account statements for all massage therapy students*
- *Information on how students enrolled in the Tuina Massage program are notified of the exit exam graduation requirement as the information provided to our office references a "Policy: Tuina Certificate Graduation Policy" updated in January 2017. This document is inconsistent with information provided in the online catalog as reviewed at your website today, December 16, 2019.*

As of December 23, 2019, AAAOM has failed to provide the following requests for documentation under Minn. Stat. 136A.64 subd. 3:

- How students are notified of AAAOM's "updated" 2017 exit exam policy as the policy is inconsistent to the student catalog
- An explanation of how AAAOM reconciles student payments and its student account receivables (for accounting purposes)
- No statement of historical practices of evaluating and approving off-site internship sites
- No statement on the transcript seal storage location (or how)
- The name of the businesses of the clinical site list of 12/23/2019 list of clinical sites
- A timeline of the "evolutionary process" of AAAOM's process for approving off-site clinical training experiences and off-site supervisors
- The following student files:
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED]
 - o [REDACTED] (filed a transcript with Brooklyn Park)
 - o [REDACTED]

- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (Account Statement-Tuition Payments 2019 and 11/18/2019 submission #4)
- [REDACTED]

I. File Review

OHE found the following issues with AAAOM’s 2019² student files:

- [REDACTED]
- The supervisor listed on the 12/23/2019 list of Internship Training Location lists [REDACTED], but there appears to be a different supervisor between 8/5/2019 and 8/8/2019, 8/15/2019 and 8/22/2019, 8/29/2019 and 9/2/2019, 9/10/2019, and 9/23/2019 and 10/01/2019
 - The 7/26/2019 payment is paid to the order “U.S. Bank”

- [REDACTED]
- There are two different receipts for the 5/24/2019 (stamps and signature have a different placement)
 - OHE is unable to validate the supervisor signature (in characters vs. pinyin on 12/23/2019 clinical list)

- [REDACTED]
- The site supervisor pre-signed for clinical experiences (on Tuina Treatment log with 5/24/2019)
 - There is a certificate of completion in the file for a [REDACTED] that student was a graduate in 2017 from LA Beauty School. [REDACTED] was denied a massage therapist license by Brooklyn Park due to ties with prostitution.

- [REDACTED]
- Inconsistent name on payment log provided on 12/23/2019 ([REDACTED])
 - Duplicate receipt for the 4/12/2019 payment, but it also has a handwritten note
 - Student addresses do not match
 - The student’s requirement to take the comprehensive exam is not consistent with the submitted policy that students with lower than a B average had to take the comprehensive exam. This student only received A and B grades.

² In lieu of a full file review, OHE first focused on AAAOM’s 2019 students on the Internship list or the Student Account Statement list

- Clinical hours are not completed correctly
- No validation of number of hours or patients to meet graduation requirements

- 2018 payments are attributed to the Account Statement-Tuition Payments 2019 (4/9/18 and 12/13/18 payments)
- Clinical supervisor signature/name changed throughout clinical site
- First 4/18/2019 payment was made before admissions application (12/13/2018)
- File included a Certificate of Completion from LA Beauty & Massage School for a 600-hr Therapeutic Massage Program from 6/15/2018

- Student is not listed in the 2019 data sheets (graduation and payments were made in 2019)

- Duplicate 8/5/2019 and 7/29/2019 receipts
- Cannot validate the signature/name of supervisor on the Tuina Treatment Log

- File contains an enrollment contract with costs from 2015, but it is not signed
- Duplicate receipts
- Student's Clinical Site and employer on the student application with [REDACTED] is linked to prostitution³
- The Treatment Log does not break down time of the massages- it appears as though the student worked for 9 hours straight with no breaks

- 8/12/2019 Cash payment receipt is duplicative, but paid stamps are in a different location
- 7/05/2019 Check payment receipt is duplicative, but paid stamps are in a different location
- No copy of the 8/16/2019 check payment

- Two copies of the 7/22/2019 check
- Two copies of the 6/12/2019 check
- No receipt for the 7/3/2019 check
- It looks like student signed supervisor as supervisor's name was supposed to be [REDACTED]

³ https://www.swnewsmedia.com/shakopec_valley_news/news/owner-of-vogue-day-asian-massage-in-shakopec-charged-with/article_ff0002c6-1195-5ae4-ad17-b70f6c34f781.html

- Name is not consistent in file ([REDACTED] vs. [REDACTED])
- Payment for \$2500 was from Amazing Spa
- [REDACTED] owns [REDACTED]⁴ and her letters of recommendation are the same people that are listed as her internship supervisor
- Payments in student file do not match Account Statement- Tuition Payments 2019

- Student completed program in 2015 and took additional classes in 2018
- Paid \$4500 for those additional classes in 2019. No validation of costs for those additional courses
- Amount paid on Account Statement- Tuition Payments 2019 (\$4,650 receipt, \$4500 on Account Statement provided on 12/23/2019, and \$4000 post-it note on the student's Application for Admission)
- No information in file on the reason for the additional coursework

- Transcript has a record of transfer hours, but there is no Transfer Credit Assessment Form or accompanying syllabi or transcript from previous school
- No copies of the 4/10/18 and 5/6/19 check
- No validation of cost of the program. Student only made \$4500 in payments.

All transcripts:

- No cumulative GPA to validate whether the comprehensive exam is required
- Tuina Treatment logs are not completed with number of hours and patients (which validates graduation requirements)
- There is no statement to the student on the cost of the program
- Need name of supervisors in characters and spelled out
- Few files have enrollment contract with the total costs of the program, signed

Other issues OHE identified in the files:

- No letters of recommendations on file
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]

⁴ [REDACTED]. If [REDACTED] does own [REDACTED], it would be very problematic for her employees to be her internship supervisor.

Per the student catalog, two letters of recommendations are required for admission to AAAOM's Tuina Massage Program.

- Only one letter of recommendation on file
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

Per the student catalog, two letters of recommendations are required for admission to AAAOM's Tuina Massage Program.

- Students who wrote letters of recommendation for prospective students⁵
 - [REDACTED]
 - [REDACTED]
- Letters of recommendations that are suspect
 - [REDACTED]: both of the student's letters of recommendation have white out over the name on the first line and then writing of a different name
 - [REDACTED]: Both letters of recommendation are the identical but for the signatures

Any level of review of the letters of recommendation as part of the admissions process should have triggered a response from AAAOM and delving deeper into the legitimacy of the student's application. OHE is concerned that the failure to appropriately review admission applications practice poses a threat to perpetuating prostitution and/or human trafficking.

- Transcripts do not have a number⁶
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

⁵ While not inherently problematic, OHE is concerned that this practice may pose a threat to perpetuating prostitution and/or human trafficking.

⁶ The "numbering" of transcripts is inconsistent. No explanation was provided on this issue and it is unknown whether this is problematic.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] (who appears to be one of the clinical site supervisors for [REDACTED])
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Per AAAOM’s 12/3/2019 letter, student “receipts are placed in student files”. AAAOM has failed to consistently apply this requirement as students are shown to have graduated, but they do not have a record of making any payments on their program.

- Payments Exceed \$7000 (excluding noted incidentals like transcripts)
 - [REDACTED]
 - 9/27/16 payments records are duplicate (one is stamped and one is not)
 - The three 11/2/2016 payment records are duplicative, but stamps are in different locations on paper
 - There is no formal receipt for the 4/17/2017 payment of \$3,000, but it is listed on a Student Expense Report with the 9/27/2016 and 11/2/2016 payments
 - [REDACTED]
 - 6/16/17 check payment for \$4000
 - Two checks for \$3500 each
 - [REDACTED]
 - 4/11/2016 check for \$3500
 - 5/14/15 check for \$1000 (but this check appears to be for the student [REDACTED])
 - 8/19/216 check for \$3500
 - [REDACTED]
 - 6/26/2015 payment for \$3250
 - 1/5/2015 payment for \$4000

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

AAAOM has failed to validate and ensure students completed their internship hours when they did not require validation of internship hours and patient requirements, part of the Tuina Massage program requirements.

In addition to these issues, OHE has identified the following problems:

- The documents in the English-speaking students are different than the Chinese-speaking students.

English speaking students have an admission acceptance letter, student enrollment contract, admissions checklist for required documents, student clinical evaluation form, and full student account records (including a Customer QuickReport).

OHE approved AAAOM to operate the same Tuina program in Chinese and English, but it is evident that AAAOM was operated the two different programs with different admissions, evaluation, and graduation expectations, down to the student accounting and paperwork and documentation requirements⁸.

- It appears there may be credit card fees for tuition, but OHE has not seen any disclosures of these fees in AAAOM's schedule of fees, student catalog, or website.

As these fees were not disclosed to students, AAAOM must refund these charges to students and provide OHE confirmation of these refunds by March 22, 2020 as failure to provide a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges under Minn. Stat. §136A.65 subd. 4(a)(9)(iii).

- OHE saw no student payments for admission applications or graduation, as stated in the student catalog or found on the English Tuina student account records⁹.

⁸ In fact, the Chinese Tuina student files were not stored with registrar access. During the November 5, 2019 site visit, the Chinese Tuina students were kept in a locked closet in Dr. Gong's locked office. No staff or faculty, including the registrar, had access to the Chinese Tuina student files.

⁹ OHE is concerned that this practice may be discriminatory, but OHE does not have jurisdiction over discrimination.

- AAAOM has been overcharging for transcripts. The Student Expense Report and the Student Catalog state that a student transcript costs \$15, but every student's Student Expense Report shows that students were charged \$25 for their transcript (the fee for the diploma).

Based on how the Student Expense reports were completed, AAAOM must process a \$10 refund to each impacted student. AAAOM must refund these charges to students and provide OHE confirmation of these refunds by March 22, 2020.

- AAAOM files did not have corresponding receipts or copies of checks or other payments and expense reports.

This issue contradicts AAAOM's 11/18/2019 letter that AAAOM issues students a receipt and a copy is placed in the student records. AAAOM is inconsistently applying this policy leading to question whether AAAOM's audited financials and 1098-T are accurate.

- No massage therapists licenses were provided for the following supervisors:

- o [REDACTED]

- [REDACTED]'s internship site
 - o No Circle Pines massage therapist license was provided for [REDACTED]
 - o A Maple Grove license was provided for [REDACTED] and licenses were provided for Liu Therapeutic Massage and [REDACTED], but these licenses do not match the information provided on the Chinese Tuina Class Internship and Supervisors¹²
- [REDACTED]'s internship site¹³

¹⁰ [REDACTED] was arrested for prostitution on January 30, 2020 in Shakopee, MN

¹¹ It appears that [REDACTED] is associated with a revoked massage business license in White Bear Lake. https://www.presspubs.com/white_bear/news/massage-business-license-revoked/article_8a7185c6-03e7-11e9-a054-1b5fcb53f544.html. [REDACTED] did not have a valid massage therapist license or a massage business license in 2019.

¹² OHE is concerned that the failure to validate these licenses practice may pose a threat to perpetuating prostitution and/or human trafficking.

¹³ OHE is concerned that this practice may pose a threat to perpetuating prostitution and/or human trafficking.

- The address on the Chinese Tuina Class Internship and Supervisor's list is a residential address/home.
- The license provided for the Current Off-Campus Supervisor Licenses is a different business address.
- It is unclear where the student is completing their internship hours. If the internship is within a personal home, how is AAAOM ensuring the personal safety of its students?
- [REDACTED] address for their license does not match the license for Asian Body Massage LLC (no other 2019 Internship location is in Rochester)
- AAAOM's November 18, 2019 submission #5 list of off-site training supervisors is inconsistent with the Internship 2019 list
 - [REDACTED] is also listed as a student, but is also listed as a supervisor in submission #4
 - It appears that [REDACTED] is associated with a revoked massage business license in White Bear Lake. https://www.presspubs.com/white_bear/news/massage-business-license-revoked/article_8a7185c6-03e7-11e9-a054-1b5fcb53f544.html. [REDACTED] did not have a valid massage therapist license or a massage business license in 2019.

II. Violations of the Minnesota Private and Out-of-State Public Postsecondary Education Act

- Failure to administer a program according to Minn. Stat. §136A.65 subd. 4(a)

Minn. Stat. §136A.65 subd. 4(a)(1) requires the school has the organizational framework with administrative and teaching personnel to provide its educational programs.

AAAOM operates several accredited and Title IV federal and MN State financial aid programs which require administrative and financial controls. AAAOM consistently operated the Tuina program outside of these administrative and financial controls. As AAAOM is aware of the internal control requirements of an accredited and Title IV program, OHE has concluded that the Tuina massage program was intentionally operated outside of the same administrative and financial controls required of Title IV and MN State financial aid programs.

For example, on 6/22/2000, AAAOM signed a SELF Loan Participation Agreement.¹⁴ Part of that agreement, AAAOM agreed to be subject to the *Minnesota Financial Aid Manual*¹⁵. As part of participation in the SELF Loan, **schools must** maintain a student account for each student (G, page 116). Additionally, schools must provide the student with an itemized statement of the account at least annually and upon termination of enrollment. As emphasized above, this requirement is for the school, not just programs that participate in state financial aid programs¹⁶.

¹⁴ A SELF Loan Agreement is used to establish a school's participation in OHE's student loan program.

¹⁵ The most recent manual is the 2015-2016 Aid Year manual, found at <https://www.ohe.state.mn.us/pdf/FAManual/Archive/15-16FAManual.pdf>.

¹⁶ It does not appear that the students from the Chinese Tuina program participated in any state financial aid programs.

As AAAOM failed to provide an explanation of how it reconciles student payments and AAAOM account receivables, OHE has determined AAAOM did not keep a student account for each Chinese Tuina student. OHE reviewed the English Tuina student files and the required student accounts were maintained. The spreadsheet process outlined in the 12/3/2019 letter to OHE does not include a statement of tuition and reconciliation between the tuition due and the payments made by or on-behalf of students.

OHE has found sufficient evidence that AAAOM violated Minn. Stat. §136A.65 subd. 4(a)(1) to substantially provide the organizational framework with administrative and teaching personnel to provide the educational programs due to AAAOM's:

- 1) Failure to maintain student accounts for the Chinese Tuina students a violation demonstrates that AAAOM did not offered under Minn. Stat. §136A.65 subd. 4(a)(1).
- 2) Chinese Tuina student receipt and payment inconsistencies
- 3) Chinese Tuina student admissions process inconsistencies
- 4) Failure to evaluate and approve Chinese Tuina student internship sites and supervisors
- 5) Failure to validate the number of internship hour and patients requirements for graduation

Minn. Stat. §136A.65 subd. 4(a)(3) requires that a school operates in conformity with generally accepted accounting principles according to the type of school. Minn. Stat. §136A.64 subd. 1(4) requires AAAOM to submit a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor. A review of the financial statements that ended December 31, 2018 that were submitted as part of AAAOM's most recent registration renewal, OHE found:

- An auditor's opinion contained the required language that the school's financials complied with U.S. GAAP
- As of the end of December 31, 2018, [REDACTED]. This is inconsistent with the Account Statement-Tuition Payments 2019 document provided to OHE. The document demonstrates that 2018 students made payments in 2019.
- It is OHE's understanding that the process AAAOM outlined in AAAOM's 11/18/2019 letter is not compliant with IRS 1098-T requirements. It is OHE's understanding that when a student make a personal payment towards tuition during the calendar year, then you have to be issued a 1098-T for that calendar year (not when the student completes their program). Therefore, if a student made payments in two or more calendar years was applied to tuition, that student has to receive a 1098-T for each of the years and by the date required by the IRS. Since the 1098-T is used to calculate the federal education tax credits on an individual's personal tax return, the need to follow the IRS regulations is clear.

OHE has sufficient evidence that AAAOM has failed to provide accurate accounting information to its accountants as its tuition, charges, and payments are not properly managed. Therefore, AAAOM's auditor's opinion that the school's financials complied with U.S. GAAP is based on false or inaccurate information and

AAAOM is not operating in conformity with general accepted accounting principles as required under Minn. Stat. §136A.65 subd. 4(a)(3).

Minn. Stat. §136A.65 subd. 4(a)(7)) requires the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment and (9) the school provides information to students and prospective students concerning: (i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal.

OHE found discrepancies in AAAOM’s published policy on evaluation of student work and graduation requirements for the Tuina program. For example, OHE received the following policies:

In the AAAOM catalog, submitted as part of AAAOM’s annual renewal 2019-2020 **and** 2017-2018 renewal (pg. 46): “In order to complete the program and receive the certificate in Chinese Tuina Massage, students must meet the following requirements:

1. Complete all required coursework with at least a cumulative “C” average, and a clinical internship with an “S” grade.
2. Complete at least 40 treatments and 10 different cases utilizing Tuina techniques.
3. Satisfy all financial obligations to the Academy

While there are Academic Progress and Comprehensive Examination policies for the graduate programs, there is no statement policy within AAAOM’s catalog that “Tuina students who obtained a lower than B average are required to take a Tuina exit exam. Tuina students who obtained B average or higher are not required to take an exam” as provided to OHE on 12/23/2019.

The 12/23/2019 provided policy is either in violation of §136A.64 subd 4(9)(i) that AAAOM provides information to students and prospective students on concerning comprehensive and accurate policies related to student evaluation or AAOOM submitted false, misleading, or incomplete information to the office under Minn. Stat. §136A.65 subd. 8(2). There is a conflict between AAAOM’s website and the catalogs submitted through EdVera and the 12/23/2019 graduation policy that was allegedly in place since 2017. Furthermore, even if the 12/23/2019 graduation policy is used, there is no statement on what the passing score needed for the final score.

Furthermore, AAAOM provided no documentation that could demonstrate that AAAOM validated Tuina student completion of 40 treatments and 10 different cases utilizing Tuina techniques.

- Failure to provide requested information under Minn. Stat. §136A.64 subd. 3 &4;

Under Minn. Stat. §136A.64 subd. 3, the office may request additional information to determine the nature and activities of a school and subd. 4, the office may verify the accuracy of submitted information by inspection,

visitation, or any other means it considers necessary. As stated above, AAAOM failed to provide the following information¹⁷:

- How students are notified of AAAOM’s “updated” 2017 exit exam policy as the policy is inconsistent to the student catalog
- An explanation of how AAAOM reconciles student payments and its student account receivables (for accounting purposes)
- No statement of historical practices of evaluating and approving off-site internship sites
- No statement on the transcript seal storage location (or how the seals are secured)
- The name of the businesses of the clinical site list of 12/23/2019 list of clinical sites
- A timeline of the “evolutionary process” of AAAOM’s process for approving off-site clinical training experiences and off-site supervisors
- The following student files:
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED]
 - o [REDACTED] (filed a transcript with Brooklyn Park)
 - o [REDACTED]
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (Account Statement-Tuition Payments 2019 and 11/18/2019 submission #4)
 - o [REDACTED]

OHE is particularly concerned about AAAOM’s refusal to provide a timeline of the “evolutionary process” of AAAOM’s process for approving off-site clinical training experiences and off-site supervisors. In AAAOM’s 12/13/2019 letter, AAAOM stated “presently a formal credentialing process is utilized.” As OHE has not received any completed credentialing forms, OHE is left to assume that the “evolutionary process” from 12/3/2019 was created only after OHE questioned AAAOM’s internship process in November and that AAAOM used no formal process to evaluate and approve student internship sites for the Chinese Tuina program. This practice poses a threat of prostitution and/or human trafficking to AAAOM’s students as several of the internship sites and supervisors are associated with prostitution and/or losing their personal and business massage licenses.

Based on the information above, OHE is revoking AAAOM’s registration under Minn. Stat. §136A.65 subd. 8 for the following reasons:

1. Violation of Minn. Stat. §136A.65 subd. 4(a)(1)
2. Violation of Minn. Stat. §136A.65 subd. 4(a)(3)

¹⁷ OHE made several requests twice, but did not receive the requested information.

3. Violation of Minn. Stat. §136A.65 subd. 4(a)(7)
4. Violation of Minn. Stat. §136A.65 subd. 4(a)(9)(i)
5. Violation of Minn. Stat. §136A.65 subd. 4(a)(9)(iii)
6. For providing false, misleading, or incomplete information (Minn. Stat. §136A.65 subd. 8(a)(2))
7. For refusing to supply reasonable information after a written request by the office (Minn. Stat. §136A.65 subd. 8(a)(4)).

AAAOM may appeal this order in accordance with Minnesota Chapter 14. AAAOM must submit its request for an appeal to OHE within 30 days of this order. While this order for revocation is not effective until the final determination of the filed appeal or the court orders immediate effect, OHE anticipates the school's closure under Minn. Stat. §136A.645.

AAAOM must submit the following documents to our office by **February 28, 2020**:

- Spreadsheet containing the following information for all student enrolled within the last 365 days:
 - Student Name
 - Mailing Address
 - School and Personal email address
 - Program Name
 - Number of credits completed
 - Number of credits remaining
 - Anticipated graduation date
 - Current enrollment status
- An electronic record of all student transcripts uploaded to:

<https://www.ohe.state.mn.us/ssl/generic/index.cfm>

Password: XXXXXXXXXX

(If electronic records are unavailable, you must notify our office to arrange delivery of physical files.)

- Information on transfer credit or articulation agreements in place with other institutions
- Faculty information
- Course syllabi
- Student ledgers and Financial Aid information for students enrolled within the last 365 days

Lastly, OHE's legal counsel is [REDACTED]

If you have any questions or concerns, please contact me [REDACTED]

Sincerely,



Betsy Talbot, Manager
Institutional Registration & Licensing

Cc: [REDACTED]